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ANNUAL REPORT OF THE ADMINISTRATOR FOR 1989

INTRODUCTION BY THE ADMINISTRATOR

A WATERSHED FOR TECHNICAL CO-OPERATION

1. Four decades have passed since the United Nations programme of technical co-operation was started. This is therefore an appropriate time not only to take stock of the work of the United Nations Development Programme (UNDP) in 1989, but also to consider its role in the 1990s in the face of rapidly changing global conditions and in the light of the lessons that have been learned over the past 40 years.

2. UNDP enters the new decade with a clear mandate from the Governing Council and the General Assembly to continue and strengthen its central funding and co-ordinating roles within the United Nations development system. It faces the 1990s with a firm commitment to the principles of universality and neutrality, which it sees as fundamental to its international credibility. Determined to build on the solid record of achievement since its creation, UNDP is also resolved to improve its policies and methods of operation, based on a careful re-examination of the organization and its goals.

3. While the 1990s contain bright prospects for development, it will first be necessary to address the considerable difficulties which have faced the developing world during the 1980s and which are likely to continue for some time. Governments of many developing countries find their resources increasingly curtailed by rising debt and falling commodity prices. In addition, many are grappling with the consequences of the structural adjustment process. All of this has led to a reduction in public spending, which in turn has put added pressure on external sources of assistance. Hence, UNDP is more than ever conscious of the need to deploy development assistance to maximum effectiveness. This is true whether it comes in the form of large-scale programmes executed at government level or in the form of smaller-scale, grass-roots projects.

4. Consequently, efforts are being made within UNDP to develop and improve the means of technical co-operation by: (a) enhancing self-reliance on the part of the countries with which UNDP is engaged in technical co-operation; (b) improving cost-effectiveness in the use of resources; (c) providing a more sensitive response to the needs of developing countries; (d) achieving more durable solutions and more sustainable development.

5. At the same time, UNDP is participating in fundamental changes in the whole nature of technical co-operation. In the past, such co-operation tended to be a one-way transfer of technology, based on a straightforward supply approach. This is now seen to be inadequate to meet the complex demands of sustainable development. Instead, a new form of technical co-operation has arisen, in which development agencies and partner countries work together and learn from each other. Furthermore, the concept of development itself is evolving towards a more integrated approach, bringing together the global, regional, national and local contexts, adopting multi-sectoral approaches and co-ordinating economic and technological strategies with other considerations such as human and environmental factors.

6. In addition to its work at the country level, UNDP attaches great importance to its global, interregional and intercountry programmes. Through these, UNDP is able to play a leading role in addressing problems, such as those of the environment, that transcend national boundaries. These programmes have also proved a highly effective means of helping countries to exchange knowledge and skills and to share technological research that most nations could not afford on their own. In this way, UNDP is helping to build self-sustaining international networks for information exchange and thus to encourage the constant search for new knowledge that is essential to sustainable development.

I. FOSTERING INTEGRATED DEVELOPMENT

A. The human element

7. One of the major events for UNDP at the beginning of this decade was the publication of the Human Development Report, 1990. The report, published by Oxford University Press and designed to be updated every year, is an uncompromising look at the state of human development around the world over the past 30 years. The report goes beyond the usual focus on gross national product (GNP) and other economic indicators in each country to explore the factors that make the inhabitants of some nations healthy, well educated and productive, and leave others far behind.

8. The book combines three indices - life expectancy at birth, adult literacy rates and purchasing power - to create a single "human development index", and then examines and ranks countries in the light of that index. The following are some of the basic points made in the report.

9. Human development can reach high levels even in countries with low per capita income. For example, one country with average per capita income of $400 a year

manages a life expectancy of 71 years and an adult literacy rate of 87 per cent, while another country with annual per capita income of over $2,000 has an average life expectancy of only 65 years and an adult literacy rate of 78 per cent. The difference lies in the degree to which scarce resources are deliberately directed towards human development, the report concludes.

10. There are enormous differences in human development, not only between countries of the North and South, but between one poor country and another, between the urban and rural populations within one country, and, perhaps most significantly, between men and women in the same village or household. Correcting the imbalances should be one of the basic goals of the development community and the nations involved.

11. Education contributes a critical element of human development. In addition to its own intrinsic value, education can change people's lives dramatically, enabling them better to understand nature, politics, economics, culture and social values and relations. Ideally, however, education should be matched by improvement in material and other factors. Thus, a better educated farmer will become more productive only if he or she has access to necessary seed and water. The need to make education an integral part of human development strategies for the 1990s was discussed at the World Conference on Education for All (5-9 March 1990, in Jomtien, Thailand) of which UNDP, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF) and the World Bank were the joint sponsors.

12. Specific action can be taken to increase levels of human development. Measures recommended in the report include: revision of national budgets to increase spending on basic health care, nutrition, education and employment; reduction of spending for military purposes; curtailment of spending that favours the richer segments of society; raising the education levels of women; focusing on the needs of the rural population.

13. The Human Development Report, 1990 shows that, while economic growth is vital to improved living conditions, growth alone is no guarantee of human development. UNDP stands ready to assist Governments wishing to review options for accelerated human development. UNDP can bring together the full gamut of its multidisciplinary experience with the expertise of the other relevant United Nations system bodies, including UNESCO, UNICEF, the World Health Organization (WHO), the United Nations Industrial Development Organization (UNIDO), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Office at Vienna.

14. One of the human issues that stands out as being of special global concern at the present time is that of drug abuse. A major theme considered by the General Assembly at its forty-fourth session was the question of how this problem can be combated. UNDP will continue to play its part in the effort against illegal narcotics, in collaboration with the United Nations Fund for Drug Abuse Control (UNFDAC) and other United Nations agencies.

15. In the realm of human health, one of the gravest threats is the world-wide epidemic of acquired immunodeficiency syndrome (AIDS). Throughout the world, the care of AIDS patients places enormous burdens on health resources, and the interaction of the human immunodeficiency virus (HIV) with other diseases sparks outbreaks of otherwise controllable infections. AIDS also undermines economic development by robbing countries of men and women in their prime working years.

16. UNDP is supporting AIDS programmes at global, regional and country levels. In April 1988, the WHO/UNDP Alliance to Combat AIDS was formed to step up the global struggle against the disease. The Alliance is consistent with General Assembly resolution 42/8 of 26 October 1987, which emphasized the need to have a well co-ordinated, multi-sectoral approach to the problem by the United Nations system. With regard to national programmes, UNDP supports, where appropriate, the inclusion of an AIDS component in existing UNDP-assisted projects as well as the design of new projects dealing with AIDS exclusively.

17. UNDP was one of the many groups and organizations throughout the world that played a part in the second World AIDS Day, on 1 December 1989. The aim of the event is to strengthen AIDS prevention, encourage respect for sufferers and promote co-operation in combating the disease. The second World AIDS Day focused on the problem of AIDS in relation to youth.

18. UNDP continues to be active in many other areas of health promotion, such as the global effort to improve water and sanitation services in the developing world. The International Drinking Water Supply and Sanitation Decade, in which UNDP plays a leading role in collaboration with WHO, UNICEF, the World Bank and other donors, is due to end in 1990. In September 1990, UNDP is organizing an international consultation in New Delhi, hosted by the Government of India, to plan strategies for the expansion of water supply and sanitation in the 1990s and beyond.

B. Promoting effective management

19. In line with the main programme directions set out by the Governing Council at its thirty-sixth session (1989), UNDP is endeavouring to increase the capacity of partner countries to manage their own development and is encouraging those countries to take an increasing share of the responsibility for programming and implementation.

20. In shaping its policies for the new decade, UNDP is paying particular attention to the report of the Director-General for Development and International Economic Co-operation for the triennial policy review of operational activities for development presented to the General Assembly at its forty-fourth session (A/44/324-E/1989/106 and Add.1-4). UNDP is also responding to General Assembly resolution 44/211 of 22 December 1989, arising out of the review. Accordingly, UNDP is accelerating the movement towards national execution of projects, promoting decentralization to the field and encouraging recipients to put forward programme initiatives.

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21. In recent years, there has been a growing tendency for Governments to increase the participation of the private sector in development activities. UNDP continues to broaden its contribution to private-sector initiatives and the promotion of entrepreneurship. In Eastern Europe, where dramatic changes in the economic system are taking place, UNDP stands ready to build on its past involvement in the region and provide advice and expertise. It also offers its services to assist in generating and channelling some of the additional donor resources needed.

22. The Management Development Programme (MDP), which was established by the Governing Council in 1988, started its operations in 1989 with resources of $60 million. The programme focuses particularly on low-income countries whose Governments are endeavouring to improve management in the public sector. Interest in MDP is considerable. By the end of 1989, more than 60 countries had requested support, and projects had been approved in 13 countries. Needs assessments and programming missions had been undertaken in 30 more countries. Several of the approved projects support policies of structural adjustment and reorientation towards greater reliance on market forces. Others are assisting recipients in improving their aid management capability. The MDP is implemented by the Regional Bureaux in collaboration with the Management Development Support Unit in the Bureau for Programme Policy and Evaluation (BPPE).

C. Special mechanisms

23. The Office for Project Services, established in 1973 as the Office of Project Execution and given its present name in 1985, was created in response to requests from Governments for support services in technical co-operation. It has continued to expand, albeit at a somewhat reduced rate. Project expenditures have increased by about 20 per cent over the previous year. In particular, activities undertaken on behalf of the International Fund for Agricultural Development (IFAD) have intensified, bringing the OPS portfolio to 52 ongoing loan projects, valued at more than $400 million, for which loan administration and project supervision services are being rendered. On behalf of 10 countries in Africa, OPS is providing management services for the procurement of goods and equipment under an $80 million grant from Japan. Support services are increasingly being provided by OPS to MDP, as well as to the expanded operations of the United Nations Capital Development Fund (UNCDF). A special arrangement with the Government of Bolivia for procurement of goods and services will continue into 1992.

24. An important part of the UNDP mandate is to ensure that women as well as men are beneficiaries of technical co-operation and active participants in it. The Division for Women in Development (DWID) was established in 1987 to provide support and guidance to UNDP in fulfilling this mandate. The Division continues to play an important advocacy role within UNDP by identifying relevant women's issues, and by making sure that the women-in-development dimension is fully integrated into overall policy. DWID is currently concerned with strengthening sensitivity to women's issues in personnel policies, staff training and operational procedures, as well as in programme and project design, evaluation and implementation. DWID has issued a set of sectoral guidelines on women in development for project formulation, which are available in English, French, Spanish and Arabic. The Division works closely with the United Nations Development Fund for Women (UNIFEM)

on the development of complementary work programmes. UNIFEM is a UNDP administered fund, while DWID is a staff and programme development facility.

25. UNDP has also been active in the Sub-group on Women in Development of the Joint Consultative Group on Policy. The training sessions conducted by the Sub-group are intended to promote sensitivity to women's interests in the planning of projects.

26. The least developed countries (LDCs) present special problems with regard to technical co-operation. In most of these countries, there is an urgent need to develop an institutional capacity to manage economic reform if sustainable development is to be achieved. UNDP is playing a part in building this capacity, while making efforts to speed the process of economic recovery.

27. During 1989, preparations took place for the Second United Nations Conference on the Least Developed Countries, due to be held in Paris in September 1990 and organized chiefly by the United Nations Conference on Trade and Development (UNCTAD). UNDP, through its Special Measures Fund for the Least Developed Countries (SMF/LDC), is contributing $1.3 million to the preparations for the conference. Proposals for the revamping of the SMF/LDC were submitted to the Governing Council at its special session in February 1990. LDCs have expressed a strong interest in increased capital assistance of the type provided by UNCDF acting as the investment arm of UNDP, often in combination with UNDP technical support.

28. Various other UNDP mechanisms are of special relevance to LDCs. The Africa Project Development Facility was founded in 1986 by UNDP together with the African Development Bank (AfDB) and the International Finance Corporation (IFC), supported by other agencies and donor countries. Its aim is to assist medium-sized African business enterprises. So far it has helped some 47 companies by finding sources of funding and providing a business advisory service. UNDP is also one of the sponsors of the African Management Services Company, launched in April 1989 to assist African companies that are potentially viable but lack efficient management.

29. The Division for Non-Governmental Organizations (NGOs) continues to expand its activities. In 1989, its efforts focused on strengthening government-NGO relations in developing countries and on building development capacities of indigenous NGOs. Steps were taken to develop national NGO data bases in Cameroon, Ghana, Mauritania, the Philippines and Tunisia.

30. Two innovative programmes in support of NGO activities grew significantly last year. The Partners in Development Programme, which permits UNDP resident representatives to allocate up to $25,000 per country for NGO projects, was extended to 62 countries. Of the 170 NGO projects funded in 1989, 80 per cent supported self-help initiatives by vulnerable population groups. These included poultry-raising to train young people in the Central African Republic and Zimbabwe; building fishing boats for use by unemployed women and youth in Fiji; and food-processing operations by small farmers in Costa Rica and by women in Peru. The programme was funded by $1 million from Special Programme Resources (SPR) and $500,000 from the SMF/LDC. External funding is being sought.

31. The other new NGO programme is the Africa 2000 Network, which supports community and NGO activities in preserving the environment and promoting ecologically sustainable development in Africa. In 1989, this began operating in seven countries, and preparatory missions laid the groundwork for extending the programme to half a dozen more. Contributions to the Network, which has a five-year budget of $25 million, have been given or pledged by the Governments of Canada, Denmark, France, Japan and Norway.

32. The Special Unit for Technical Co-operation among Developing Countries (TCDC) has continued to support projects and activities involving interchanges of skill and technology between developing countries. Up to the end of 1989, more than 2,000 TCDC projects have been identified, many of which have been completed or are under implementation. The Unit has increased training activities with the goal of establishing the use of TCDC as a standard tool for project design and implementation within the United Nations development system. In preparation for the sixth session of the High-Level Committee on the Review of TCDC, held in September 1989, a review of TCDC activity over the past decade was undertaken. The TCDC Information Referral System, INRES-South, continued to expand its information capacity.

33. Transfer of Knowledge through Expatriate Nationals (TOKTEN), started 11 years ago to bring skilled expatriate personnel back to their countries of origin on short-term consultancies, continues to make excellent progress. During 1989, three additional countries - Malta, Viet Nam and Poland - adopted this scheme, while two others - the Islamic Republic of Iran and Jamaica - are expected to join soon. Altogether, the programme operated in 27 countries during the year, and 370 missions were accomplished. TOKTEN has proved to be a very effective way of helping to counter the brain drain from developing countries.

34. The Short-Term Advisory Services (STAS) programme continued to expand its outreach in 1989. STAS completed 70 advisory missions to 45 countries and was active for the first time in Bangladesh, Laos and Poland. Prospects for the 1990s are excellent, with many private sector and parastatal enterprises expected to make greater use of the programme to assess and diagnose their technical, managerial and related problems.

35. Outside its core resources, UNDP administers a number of special funds to meet particular needs. UNCDF provides financing for small-scale investments, especially in LDCs, that are likely to bring early and tangible benefits to the poor. With 1990 pledges exceeding $42 million, UNCDF now has about 250 projects in progress, with a total value of over $480 million. UNIFEM helps to enable women to play their full part in all aspects of development. Pledges received by UNIFEM for 1990 amount to $6.7 million, an increase of 18 per cent over 1989. The United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) assists mining and geothermal energy projects. In 1989, the Fund was active in Peru, Honduras, China, Ghana, Guatemala and the Philippines. The United Nations Fund for Science and Technology for Development (UNFSTD) supports a wide variety of scientific and technological projects in 18 developing countries as well as several regional and interregional projects covering Africa, Asia and Latin America. The United Nations Sudano-Sahelian Office (UNSO) is active in combating the effects of drought and

desertification in 22 African countries. In 1989, it deployed over $25 million to support projects and programmes in natural resource management. United Nations Volunteers (UNV), based in Geneva, has proved a highly successful and cost-effective vehicle for supplying personnel with specialized skills to developing countries. During the course of 1989, a total of 1,801 UNV specialists served in 108 countries.

D. Environment

36. At a time when development prospects are increasingly linked to national, regional and global environmental concerns, UNDP is engaged in wide-ranging efforts to help Governments combat the threat to the biosphere and to acquire the technology and management capability for sustainable use of natural resources. Bearing in mind that poverty and adverse economic conditions are major threats to the environment, UNDP, as a world development agency, is playing a key role by promoting the concept of sustainable development and enabling Governments to carry out environment-sensitive policies.

37. These efforts are in line with the recommendations of the United Nations World Commission on Environment and Development and consistent with the UNDP environmental strategy and action plan for the 1990s, as contained in the report of the Administrator on the environment: trends and perspectives (DP/1989/63). They are also consistent with the objectives of the 1992 Conference on Environment and Development.

38. UNDP aims to bring environmental awareness into all levels and facets of its operations. To this end, an environmental action team has been established to play a co-ordinating role between the various bureaux, divisions and funds. An 18-minute video film, entitled "Borrowed from Our Future", has been produced by UNDP to be used in training and for public information.

39. Furthermore, an effort is being made to promote environmental consciousness and appropriate action at the field level through a series of workshops, supported by SPR, on the environment and sustainable development, involving field staff, government officials, NGOs and distinguished national and international environmentalists. A total of 78 field offices have participated in national and/or regional workshops of this kind since their initiation in 1989. The launching of the sustainable development network will help to enhance the capacities of developing countries for environmentally sound and sustainable development and to strengthen their participation in international co-operation in this area. Technical co-operation and pre-investment activities for the transfer of environmental technologies to developing countries are being expanded in collaboration with the United Nations Environment Programme (UNEP) and the World Bank.

40. The year 1989 also saw the drafting of the UNDP environmental management guidelines to assist UNDP staff in incorporating the principles of environmental management and sustainable development into their daily activities. Following testing at the field level, the guidelines will be revised and a training process started to promote the principles of environment-sensitive development in the field.

41. Specific projects of an environmental nature undertaken recently include a survey for the phase-out of chlorofluorocarbons in China, further development of the Tropical Forestry Plan of Action, and the expansion of air and climate monitoring systems in developing countries. At the regional level, the number of environmental projects has continued to rise.

42. UNDP is actively supporting preparations for the United Nations Conference on Environment and Development, to be held in Brazil in 1992. UNDP attaches major importance to this conference and expects that its outcome will shape development co-operation for decades to come.

II. EMERGENCIES AND SPECIAL RESPONSIBILITIES

A. Natural disasters: preparation and response

43. Over the past 30 to 40 years, population growth, among other factors, has increased vulnerability to natural disasters. It is also now widely recognized that the incidence of recurrent disasters has increased, as demonstrated by drought in East Africa and the Sahel and floods in South Asia.

44. As was to be expected, therefore, 1989 saw a continuing response by UNDP to natural disasters. The Organization has also made efforts to improve the scope and effectiveness of its disaster-preparedness and response mechanisms, in line with the findings of a far-reaching evaluation undertaken by UNDP in collaboration with the United Nations Disaster Relief Organization (UNDRO).

45. An increasing number of Governments are looking to UNDP field offices, not only to provide assistance from UNDP resources (particularly in longer-term rehabilitation), but also to assist them in co-ordinating donor response in general and in enhancing their own permanent planning and execution capabilities. UNDP has therefore also been working to improve the capability of field offices to carry out a co-ordinating function in natural disaster situations.

46. The years 1990 and 1991 will see expanded training of UNDP resident representatives (who also represent UNDRO in their countries of assignment) and their staffs in disaster management, as well as improved co-ordination of donor response and the linking of disaster-preparedness to mainstream development.

47. In all of these activities, the underlying premise is that there is no such thing as a disaster that affects only one sector, such as agriculture, industry or tourism. The results of famine in East Africa, floods in Bangladesh and hurricane Hugo in the Caribbean have amply demonstrated that the effects of such natural disasters undermine the development process across all sectors of a nation's economy.

B. Supporting peace

48. Man-made conflicts continued to cause large-scale human suffering and disruption in many parts of the world in 1989. Areas where UNDP has been active in

alleviating the consequences and in aiding the reintegration of refugees and displaced persons include Afghanistan, Pakistan, Thailand, Central America and many parts of Africa.

49. UNDP took an active part - along with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Secretariat - in preparing a special conference on the plight of refugees, returnees and displaced persons in Central America. In that part of the world, UNDP took the lead in the preparation, resource mobilization and co-ordination of the Special Plan for Economic Co-operation (PEC), which deals with both the immediate and longer-term requirements to support the political peace process in which the five Central American Governments engaged as a result of the Esquipulas II Agreement. Among the immediate measures to support the peace process, special attention was given to alleviating the conditions of uprooted people. In response, a Programme of Assistance to Displaced Persons, Refugees and Returnees (PRODERE), administered by OPS, was set up. PRODERE has a financial commitment of $115 million from Italy, and it is hoped that other countries will also contribute.

50. The experience accumulated during the past two decades in providing assistance to refugees and displaced persons has shown that such assistance must be closely linked to the development process. It must be conceived in such a way that longer-term development needs are taken into account as well as the immediate necessity to save lives.

51. The Executive Committee of UNHCR, at its fortieth meeting (October 1989), singled out UNDP as a particularly important partner. It asked the High Commissioner to enter into consultations as soon as possible with UNDP and other international organizations on ways of addressing the problem of refugees and returnees. UNDP will continue to make an important contribution to meeting the needs in this area.

III. ORGANIZATION AND OPERATIONS

52. This past year has marked a turning point in the manner in which UNDP operations are to be conducted, following a number of decisions taken by the Governing Council and the General Assembly aimed at improving the performance of the United Nations system in operational activities. Some strengthening of the programming processes and further decentralization of authority to the field are anticipated, while a benchmark review of the system for executing projects is already under way.

A. Allocation of resources

53. UNDP is now past the mid-point of its fourth programming cycle. The extra resources allocated by the Governing Council in 1988 have now been translated into substantial programme growth. In 1990, the value of programmes delivered will be 46 per cent higher than in 1987. If UNDP is to reach the target of doubling programme delivery in the fifth programming cycle (1992-1996), an increase in donations of 16 per cent will be necessary.

54. A review of the criteria for allocation of resources is intended for the fifth programming cycle. Discussions on this subject took place during 1989 and are continuing into 1990.

B. Programming of technical co-operation

55. A key element of UNDP policy for the 1990s is a more programme-oriented approach, rather than the traditional project-by-project approach, which has tended to lead to a scattering of resources on many disparate activities. Programme-oriented development involves linking projects to composite themes on the basis of consultations between UNDP, recipient Governments and agencies, so that greater coherence is achieved, the administrative burden is lightened and, most importantly, the effectiveness of UNDP assistance is enhanced.

56. UNDP is examining, with its participating agencies, the manner in which the shift from project to programme approaches can most effectively be made. In the area of co-ordination, an excellent example is the work that UNDP has done in Africa and elsewhere through the round-table consultation meetings, which bring together developing countries and their donors. UNDP has also assisted over 20 Governments in initiating National technical co-operation assessments and programmes (NaTCAPs), which are designed to draw up technical co-operation strategies in line with the overall needs of a country.

C. Funding and project implementation

57. UNDP recognizes the need to expand national execution of projects and is determined that this shall take place as rapidly as possible. The problems to be faced during this expansion will inevitably require considerable efforts on the part of UNDP staff and entail additional pressure on field offices. The task is, however, being tackled with resolve in accordance with paragraph 7 of part I.A. of Governing Council decision 89/20 of 30 June 1989, which stressed that "government execution should be the ultimate modality for all UNDP-supported projects".

58. The shift to national/government execution will require the development of new management processes to ensure that the Administrator's accountability for funds is fully exercised. This will involve monitoring and verifying the effective use of funds for the purposes agreed upon with the recipient country. To this end, UNDP has already modified some of its procedures, and work is continuing in this area.

59. Greater decentralization of authority to the field requires improved management procedures which assist the resident representatives in better exercising their increased authority over UNDP-funded activities. These procedures should, at the same time, enable resident representatives to perform more effectively their enlarged role as resident co-ordinators for the operations of the entire United Nations system at the country level.

D. Staff

60. Having always recognized that conditions of service are critical to the quality and effectiveness of programmes, UNDP has been playing a key role in achieving a major revision of the compensation package for professional staff. The comprehensive review of conditions of service, requested by the General Assembly at the end of 1987 and co-ordinated by the International Civil Service Commission, has now reached the end of its first major phase. The most significant result of this is a major overhaul of the conditions of service for staff serving in the field, particularly those who are mobile and who serve in hardship locations. The revised system, approved by the General Assembly and due to be implemented in 1990, is also simpler and easier to understand. Following a long period of deterioration in the relative conditions of service of the staff, it is hoped that these changes will be an important first step in improving the competitive position of UNDP and other United Nations system employers.

61. The past year saw major changes in recruitment procedures, aimed at raising the standards of UNDP staff by applying tougher selection standards. The Management Training Programme grew considerably, with over 1,000 candidates being evaluated and 40 finally being offered positions. Interview panels, to ensure equity and the involvement of managers in recruitment, were developed further. Mid-career applicants and national professional staff seeking international posts were interviewed by special panels. A record was set with the filling of 140 vacant professional posts.

62. In 1989, the Staff Development and Placement Section of the Division of Personnel managed a large volume of operational work and introduced several new initiatives. The Section reassigned, placed, seconded, loaned or transferred approximately 300 international staff globally. An innovation in 1989 was the introduction of consultations with the Regional Bureaux so as to provide more time and greater co-ordination in the planning of reassignments. The Section also continued to provide career counselling services for staff and to manage the servicing of the appointment and promotion machinery. The Special Post Advisory Group, the job classification panel for professional posts, and the performance appraisal system all continued to fulfil their functions. The Section, having spent over a year designing a new performance appraisal system, carried out a pilot test of the new system involving some 300 staff at headquarters and in the field. It is planned that the system will be launched organization-wide in 1990. Another recent initiative was the introduction of tailor-made training linked to reassignment so as to expand career opportunities for staff members. Work continued on a new career development policy for national officers, culminating in a pilot career development seminar, held in November. Initial work was carried out on the issue of spouse employment.

E. Project review, approval and delivery

63. UNDP main project expenditure rose for the fifth consecutive year from $832.6 million in 1988 to $899 million in 1989.

64. The Action Committee, created in 1986, continues to fulfil and consolidate its role as a senior management vehicle for reviewing projects and improving programme quality. In 1989, the Committee approved 468 new projects and project revisions. Since its inception in October 1986, it has approved 1,647 projects with a total value of more than $2.4 billion.

65. The total number of project approvals in 1989, including those approved in the field, was 1,441, representing a total value of $673.6 million.

F. Resources

66. Contributions to UNDP and trust funds administered by UNDP for 1990 reached $1.3 billion. This figure, which represents an increase of 5 per cent over the 1989 level, included nearly $1 billion for the UNDP core budget, as well as contributions to UNDP-administered funds and co-financing.

67. The indicative planning figure (IPF) expenditure for 1989 is expected to be slightly lower than the forecast of $760 million. This amount does not include cost-sharing, which could add as much as $120 million to the programme expenditure. In order to reach the IPF expenditure targets for 1990, 1991 and 1992, approved annual budgets in excess of $1 billion will be necessary. Donors are mindful of increased UNDP participation in themes considered to be of global priority. These include poverty alleviation, women in development, safeguarding the environment, resettlement of refugees and displaced persons, combating the AIDS epidemic, and human resource development. In these areas, as in all of its day-to-day project work, UNDP stands ready and willing to meet the challenges of technical co-operation in the coming decade. UNDP hopes that donors will make available the substantially increased resources necessary to meet those challenges and maintain real and sustained programme growth in the 1990s.

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SUPPORT

PROGRAMME IMPLEMENTATION

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Addendum

Main programme record

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PROGRAMME PARTICIPANTS IN 1989

A. Executing agencies of the United Nations Development Programme

United Nations
United Nations Centre on Transnational Corporations (UNCTC)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Institute for Training and Research (UNITAR)
Economic Commission for Africa (ECA)
Economic Commission for Europe (ECE)
Economic Commission for Latin America and the Caribbean (ECLAC)
Economic and Social Commission for Asia and the Pacific (ESCAP)
Economic and Social Commission for Western Asia (ESCWA)
United Nations Centre for Human Settlements (Habitat)
International Trade Centre (ITC)
International Labour Organisation (ILO)
Food and Agriculture Organization of the United Nations (FAO)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
International Civil Aviation Organization (ICAO)
World Health Organization (WHO)
World Bank
International Finance Corporation (IFC)
International Monetary Fund (IMF)
Universal Postal Union (UPU)
International Telecommunication Union (ITU)
World Meteorological Organization (WMO)
International Maritime Organization (IMO)
World Intellectual Property Organization (WIPO)
United Nations Industrial Development Organization (UNIDO)
International Atomic Energy Agency (IAEA)
World Tourism Organization (WTO)
African Development Bank (AfDB)
Arab Fund for Economic and Social Development (AFESD)
Asian Development Bank (AsDB)
Caribbean Development Bank (CDB)

Inter-American Development Bank (IDB)

Islamic Development Bank (IsDB)

B. Other participating organizations

United Nations Department of International Economic and Social Affairs

United Nations Fund for Drug Abuse Control (UNFDAC)

United Nations Children's Fund (UNICEF)

UNDP Office for Project Services (UNDP/OPS)

United Nations Environment Programme (UNEP)

United Nations Population Fund (UNFPA)

United Nations University (UNU)

Office of the United Nations Disaster Relief Co-ordinator (UNDRO)

Office of the United Nations High Commissioner for Refugees (UNHCR)

World Food Programme (WFP)

International Fund for Agricultural Development (IFAD)

C. Funds administered by UNDP

United Nations Capital Development Fund (UNCDF)

United Nations Development Fund for Women (UNIFEM)

United Nations Fund for Science and Technology for Development (UNFSTD)

United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE)

United Nations Sudano-Sahelian Office (UNSO)

United Nations Volunteers (UNV)

Other special-purpose funds

UNDP AT A GLANCE: THE 10-YEAR RECORD

A. Programme financing: 1980-1989

(Millions of United States dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Voluntary contributions pledged	716.6	672.7	677.9	667.8	679.0	671.0	772.0	859.4	943.0	947.5
Income										
Voluntary contributions received	691.8	688.7	679.7	697.8	651.1	658.9	785.3	880.7	931.0	932.6
Assessed programme costs	1.7	1.3	0.3	-	-	-	-	-	-	-
Cost-sharing	58.2	62.7	75.3	94.4	84.0	92.0	108.9	118.0	115.1	118.7
Other contributions	21.0	23.2	25.3	21.7	22.7	16.3	19.2	26.3	24.7	24.3
Miscellaneous	48.7	28.4	12.1	24.3	31.9	105.8	142.8	171.3	72.5	55.8 a/
Total	821.4	804.3	792.7	838.2	789.7	873.0	1 056.2	1 196.3	1 143.3	1 131.4
Expenditures										
Field programme activities	677.6	732.0	660.2	560.1	532.6	571.7	689.2	702.1	832.6	891.6
Sectoral support costs	5.1	5.6	5.5	4.2	3.3	3.0	3.0	3.8	4.6	4.5
Others	1.8	1.1	1.2	0.4	(3.0)	2.7	3.0	0.1	0.2	0.5
Agency support costs	87.9	94.2	85.1	73.1	70.1	73.0	83.6	79.9	99.8	100.2
UNDP administrative and programme support costs	91.6	104.6	107.1	113.2	114.7	127.7	132.2	150.5	172.3	177.1
Total	864.0	937.5	859.1	751.0	717.7	778.1	911.0	936.4	1 109.5	1 173.9

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UNDP AT A GLANCE: THE 10-YEAR RECORD (continued)

B. Field programme expenditures, 1980-1989

(Millions of United States dollars)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 (provisional)
United Nations	83.6	91.5	85.1	78.7	76.2	86.3	101.3	85.0	94.0	101.0
UNCTAD	15.8	17.0	14.4	13.0	7.2	5.3	7.9	8.2	8.9	14.7
UNDP	53.8	52.4	46.8	37.8	35.7	41.9	57.4	63.7	79.5	88.6
UNV	2.7	4.5	5.1	4.5	3.3	5.1	7.0	8.0	9.5	12.0
ECA	7.5	7.8	8.7	4.2	5.9	3.6	4.7	6.4	6.5	7.4
ECE	0.2	0.9	0.8	0.7	0.6	0.3	0.3	0.2	0.3	0.4
ECLAC	1.8	2.2	1.8	1.7	1.3	1.2	1.4	1.6	1.9	2.5
ESCAP	6.2	5.2	5.0	6.6	5.5	5.7	7.7	5.5	6.7	9.9
ESCWA	0.6	0.4	0.3	0.5	0.6	0.4	0.5	0.6	0.2	0.2
UNCHS-Habitat	11.5	11.4	12.7	12.3	10.5	11.0	12.7	13.1	16.0	14.1
ITC	-	-	-	-	5.7	5.9	10.4	9.2	12.5	14.8
ILO	56.2	54.0	51.1	43.1	37.2	38.0	45.7	48.6	57.3	61.3
FAO	167.1	182.5	141.4	116.5	109.3	115.9	128.8	128.4	155.0	163.1
UNESCO	53.9	52.2	44.5	41.8	36.4	33.6	35.1	27.4	30.7	31.8
ICAO	36.1	39.8	35.3	27.6	23.5	31.5	35.5	29.4	37.5	35.2
WHO	22.7	23.6	20.0	15.4	13.2	12.0	14.8	18.6	20.2	20.2
World Bank	29.0	35.5	38.8	35.2	33.7	31.4	43.8	49.2	56.3	57.5
UPU	3.6	3.3	2.0	1.6	1.6	1.6	1.7	1.6	2.1	2.4
ITU	27.0	32.4	25.1	21.6	18.5	22.0	22.6	22.4	22.1	26.3
WMO	9.9	12.4	11.8	11.3	11.8	13.5	12.6	10.1	13.1	15.1
IMO	5.8	7.1	6.8	6.0	6.5	3.5	5.3	5.2	5.7	5.9
WIPO	0.4	0.5	0.7	1.2	1.2	1.7	2.1	2.3	3.0	3.3
UNIDO	56.9	66.9	67.6	50.2	56.2	61.2	71.6	69.4	76.7	79.5
IAEA	4.4	4.9	4.3	3.7	2.3	1.7	2.5	2.2	2.9	2.9
WTO	0.8	0.4	0.8	0.8	0.5	1.2	1.8	1.6	1.5	3.0
ADB	-	-	-	-	-	-	-	0.5	1.0	2.4
AFESD	0.4	0.6	0.2	0.3	0.1	-	0.2	-	-	-
AsDB	3.9	2.5	4.1	2.9	4.7	4.6	5.2	7.3	6.9	8.7
Governments	7.8	10.3	16.4	14.6	18.3	24.3	41.1	66.9	94.7	97.6
IDB	0.2	-	-	-	-	-	-	-	-	-
Subtotal b/	669.8	722.2	651.6	553.8	527.5	564.4	681.7	692.6	822.7	881.8
Government cash counterpart expenditures	7.8	9.8	8.6	6.3	5.1	7.3	7.5	9.5	9.9	9.8
Total	677.6	732.0	660.2	560.1	532.6	571.7	689.2	702.1	832.6	891.6

a/ Includes estimated miscellaneous income.

b/ Data cover expenditures financed under UNDP/indicative planning figures (IPF), Special Programme Resources (SPR), Special Measures Fund for the Least Developed Countries (SMF/LDC), Special Industrial Services programme (SIS) and cost-sharing.

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I. PROGRAMME RESOURCES

A. Pledges

1. At the joint United Nations Pledging Conference in October 1989, pledges and estimates of contributions to all funds administered by the United Nations Development Programme (UNDP) for 1990 amounted to a record $1.3 billion. This represented an 8 per cent increase in nominal dollar terms over the 1988 conference. Actual and estimated pledges to central resources for 1990 were $1.0 billion, 6 per cent higher than the actual 1989 amount in dollar terms.

2. Four donor countries raised their contributions by 8 per cent or more in United States dollar terms: Austria, Finland, Iceland and Spain. Among recipient contributors, nine countries each pledged $1 million or more: Brazil, China, Colombia, Cuba, India, Indonesia, Pakistan, the Republic of Korea and Thailand.

3. Pledges made by Denmark, the Federal Republic of Germany and the Netherlands allowed them to retain their position among the top 10 donors. Sweden's multi-year system of pledging indicated a 1990 contribution that will allow it to continue as the second largest donor to UNDP, close behind the United States of America. Italy, Japan and Norway, whose budgetary timetables did not coincide with the Pledging Conference, are expected to remain among the top 10 donors, which also included Canada and Switzerland.

B. Income

4. The UNDP in 1989 had another record year for income received. Contributions for its main programme, together with all cost-sharing arrangements and trust funds established by the Administrator, amounted to $1.1 billion. Other trust funds operating under its administration received additional revenue, bringing total UNDP income for the year to $1.2 billion.

5. The breakdown, by source of income, for all funds administered by UNDP is shown in table 1 below.

Table 1. Total income received from Governments and other contributors, 1989

(in United States dollars)

UNDP	
Voluntary pledges	932 551 181 a/
Special Measures Fund for the Least Developed Countries Countries (SMF/LDCs)	15 183 725
Cost-sharing contributions	118 364 807 b/
Government cash counterpart contributions	9 636 998
Contributions to local office costs	14 098 690 a/
Extrabudgetary activities	3 618 056
Contributions for Senior Industrial Development Field Adviser (SIDFA)	1 599
Trust funds established by the Administrator	24 730 563
	1 118 185 619
UNDCF	
Voluntary pledges	36 468 822
Cost-sharing	175 000
Sub-trust funds	1 630 175
UNRFNRE	
Voluntary pledges	2 523 599
UNSO	
Voluntary pledges	6 719 053
Cost-sharing	17 762 671
Sub-trust funds	4 086 486
UNV	
Voluntary pledges	975 206
Cost-sharing	3 132 850
UNFSTD	
Voluntary pledges	1 060 057
Cost-sharing	353 641
Sub-trust funds	2 144 974

Table 1 (continued)

UNIFEM	6 596 740
Voluntary pledges	401 542
Cost-sharing	3 139 046
Sub-trust funds	660
UNDP Energy Account	3 246 862
Voluntary pledges	30 000
UNDP study programme	
Grand total for all funds and programmes	1 208 633 003

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a/ Amounts received after applying an accounting linkage of $5,584,545 for government local office costs.

b/ Excludes transfers of extrabudgetary resources of previous years from interest on cost-sharing of $300,000.

II. EXPENDITURES, DELIVERY, PROJECT APPROVALS AND INVESTMENT FOLLOW-UP IN 1989

A. Programme expenditures by source of funds, region and components of delivery

6. Based on provisional figures, total expenditures from UNDP central resources in 1989 amounted to an estimated $1,173.9 million. Of this amount, $891.6 million was expended on field programme activities; $100.2 million on agency support costs; $177.1 million on UNDP administrative and programme support costs; and $5.0 million on sectoral support and other field-level costs.

7. Of the estimated $891.6 million in field programme expenditures in 1989, $723.8 million was delivered under indicative planning figure (IPF) resources; $107.6 million under cost-sharing arrangements; $34.0 million under Special Programme Resources (SPR); $3.2 million under Special Industrial Services (SIS); $12.1 million under the Special Measures Fund for the Least Developed Countries (SMF/LDCs); and $9.8 million in government cash counterpart contributions. In addition, an amount of $1.1 million in add-on resources, i.e., support cost resources, unutilized as a result of government execution, was made available to Governments as a supplement to the resources available for programming.

8. As table 2 below indicates, there was an increase in most of the expenditure categories in 1989.

Table 2. Field programme expenditures by source of fund, 1988-1989

(Millions of United States dollars)

Source of fund	1988	1989 (provisional)	Net change 1988-1989	Percentage change 1988-1989
IPF	676.5	723.8	47.3	7.0
Cost-sharing	109.3	107.6	(1.7)	(1.5)
SPR	20.0	34.0	14.0	70.0
SIS	3.0	3.2	0.2	6.7
SMF/LDCs	12.4	12.1	(0.3)	(2.4)
Add-on	1.5	1.1	(0.4)	(26.6)
Subtotal	822.7	881.8	59.1	7.19
GCCC a/	9.9	9.8	(0.1)	(1.0)
Total	832.6	891.6	59.0	7.1

a/ Government cash counterpart contribution.

/...

9. The distribution and percentage share of field expenditures among the regions served by the Programme are given in table 3 below.

Table 3. Field programme expenditures by region, 1989

(Millions of United States dollars)

Region	Expenditure (provisional)	Percentage share
Africa	331.4	37.6
Asia and the Pacific	288.6	32.8
Latin America and the Caribbean	130.6	14.8
Arab States	82.6	9.4
Europe	16.6	1.9
Global and interregional	32.0	3.5
Subtotal	881.8	100.0
GCCC, a/ (all regions)	9.8	
Total	891.6	

a/ Government cash counterpart contribution.

10. Estimated expenditures on the various components of programme delivery financed from UNDP central resources in 1989 are shown in table 4 below. Expenditures for international experts and fellowships increased by 11 per cent and 20.2 per cent respectively compared with 1988, while for equipment they decreased by 8.0 per cent, and for sub-contracts they increased by 12.7 per cent. Total expenditures from central resources increased by 7.1 per cent.

11. The proportion of field expenditures spent on equipment was 20 per cent in 1989 compared with 23 per cent in 1988. For sub-contracts it was 13.4 per cent in 1989 as opposed to 12.7 per cent in 1988. For training, the proportion increased to 13.4 per cent in 1989 from 11.9 per cent the previous year. International experts accounted for 48.4 per cent of the total, compared with 46.6 per cent in 1988.

12. The executing agencies of the United Nations system, together with developing country Governments, recruit the project personnel, specify and purchase the equipment, award the fellowships and issue the sub-contracts which make up UNDP project delivery from year to year. The estimated number of nationally recruited project personnel assigned to UNDP-assisted projects remained relatively stable at 9,734 in 1989 after a sharp rise from 4,893 to 9,877 between 1987 and 1988. The number of experts recruited internationally decreased from 8,664 in 1988 to an estimated 7,835 in 1989.

Table 4. Field programme expenditures by component, 1988-1989

(Millions of United States dollars)

Component	1988	1989 (provisional)
International experts	388.4	431.3
Equipment	191.1	175.8
Sub-contracts	106.0	119.5
Training (fellowships)	99.3	119.4
Miscellaneous	37.9	35.8
Subtotal	822.7	881.8
Government cash counterpart contribution	9.9	9.8
Total	832.6	891.6

B. Programme commitments and the supply of project components from developing countries

13. Based on provisional figures, the value of equipment ordered for (as distinct from delivered to) projects decreased from $197.1 million in 1988 to $134.3 million in 1989. The value of sub-contracts awarded during the year (as distinct from the delivery of sub-contracts) decreased from $96 million in 1988 to $75.1 million in 1989. The number of fellowships provided for study abroad declined from 14,099 in 1988 to 11,113 in 1989.

14. The share of these programme inputs derived from developing countries themselves is reflected in table 5 below.

Table 5. Developing countries: share of projected components, 1988-1989

Component		1988	1989 (provisional)
Number of international experts	Developing countries	3 280	3 070
	Total all countries	8 664	7 835
Value of equipment ordered a/ (thousands of US dollars)	Developing countries	46 021	39 773
	Total all countries	197 146	134 319
Value of sub-contracts awarded a/ (thousands of US dollars)	Developing countries	32 296	23 306
	Total all countries	95 955	75 111
Number of fellowship placements	Developing countries	7 264	5 519
	Total all countries	14 099	11 113

a/ Figures for equipment ordered and sub-contracts awarded during the year differ from expenditures delivered under those components, as listed in table 4.

C. New project approvals

15. The value of new projects approved in 1989 was $589.6 million compared with $708.5 million in 1988. The total number of new approvals was 1,437 compared with 1,794 in 1988. In 1989, the three leading sectors, in order of their numerical share of new approvals, were: (a) a general category, including trade and finance; (b) development strategies, policies and planning; and (c) agriculture, forestry and fisheries. A numerical breakdown of new project approvals by recipient and main sector is provided in an addendum to the present report (DP/1990/17/Add.4, table 5).

D. Beyond the indicative planning figures (IPF): field office services

16. Through its 113 field offices serving 152 countries and territories, UNDP offers Governments and its other development partners numerous services that extend beyond its central responsibilities. As a field-based organization, the comparative advantage of UNDP in providing these development services has been appreciated by recipients and donors alike. Three examples of UNDP support activities illustrate the significance attached by Governments and international organizations to the role of UNDP in this respect.

1. Parallel financing reported by UNDP field offices

17. Resource mobilization efforts by UNDP field offices and the substantial parallel financing generated by UNDP-assisted projects add to the financial significance of the Programme. Field offices play a central role in catalysing linkages in this complementary financial relationship at the project level, which differs from standard third-party cost-sharing only in an accounting sense: the funds are provided directly to the project by the participating Government or agency, which remains responsible for them, and are not reflected in UNDP accounts. Figures reported by 46 field offices and presented in an addendum to the present report (DP/1990/17/Add.4) indicate that at least $116.5 million in parallel financing can be directly attributed to UNDP-assisted activities during 1989.

2. Non-UNDP expenditures supported by field offices

18. In 1989, as in previous years, UNDP field offices gave support, through its field infrastructure, to a sizeable volume of projects not financed by UNDP. As in the case of parallel financing, these expenditures do not enter into UNDP central accounts, but they none the less reflect the wide range of activities supported by field offices. In 1989, 76 offices reported assistance in the implementation of such projects, with total expenditures of $327.5 million (see DP/1990/17/Add.4).

3. Management services

19. In recent years, with the approval of the Governing Council, UNDP has assisted recipients of World Bank loans by placing at their disposal its field-based delivery system in order to support the implementation of technical co-operation projects financed by the Bank. Under the same legislation, management services are also available as a channel for bilateral assistance. In the majority of arrangements concluded to date, these services are provided through the offices of the resident representatives, supported by the Office for Project Services (OPS). Funds channelled through management services are treated separately from UNDP regular resources. Accordingly, as determined by Council policy, services so provided are not subsidized by core resources. The value of new management services agreements (MSA) entered in the OPS books in 1989 amounted to $89.9 million. Eleven of these agreements, with a total value of $20.6 million, were with development banks. Another 11 agreements, valued at $69.3 million, were with bilateral donors.

E. Investment follow-up

20. Based on provisional figures, reported investment commitments related to projects assisted by UNDP amounted to an estimated $6.1 billion in 1989. Of this amount, $4.8 billion in investment commitments was follow-up to pre-investment and investment-oriented projects assisted by UNDP. An additional $1.3 billion in investment commitments were reported for projects where UNDP will be providing technical assistance and management support.

21. The World Bank group provided $3.3 billion of these investment commitments. Other multilateral sources contributed $607.5 million. Developing countries provided $1.5 billion. Investment commitments from bilateral sources amounted to $708.7 million.

22. As in previous years, the public sector was the principal source of reported investment commitments. In 1989, it contributed $2.2 billion. The private sector commitment was $73.5 million. Of this amount, $71.2 million was from foreign sources.

23. UNDP field offices promote linkages between pre-investment and investment by circulating information on UNDP-assisted projects with investment potential to development finance institutions. With government concurrence, UNDP keeps these institutions informed on the status of projects in order to facilitate prospective follow-up investment.

F. Office for Project Services

24. In 1989, project expenditures by the Office for Project Services (OPS) reached $229 million, having increased about 15 per cent over 1988. The level of expenditures increased for virtually all sources of funds, although at differing rates compared with the previous year. The largest amount, $85 million, was expended under projects financed from UNDP core funds, a 7 per cent increase. The category of UNDP administered funds and trust funds - plus UNFDAC and UNFPA - accounted for expenditures of nearly $50 million with UNFDAC, UNCDF, UNIFEM, UNFSTD and UNSO together accounting for the largest share. Expenditures under management services projects funded by the development banks grew to $16 million, a 23 per cent increase over 1988, while those for bilaterally funded projects amounted to $78 million.

25. At the end of 1989, OPS was responsible for 128 projects under management services agreements with an aggregate budget of $387 million. New agreements were signed with borrowers from the World Bank and IFAD, and with recipients of grants from Australia, Italy, Japan and Sweden.

26. In 1989, the largest bilaterally funded management services programme, totalling $56 million, consisted of commodity procurement funded by Japan. This total does not include $34 million of non-project grant aid to Côte d'Ivoire and Senegal where actual purchasing, thus expenditures, is effected by the Government. Five new non-project grants were awarded during 1989 to the Governments of Guinea, Madagascar, Mauritania, Senegal and Togo. In addition to a $25 million agreement signed early in 1990 with Zaire, two extensions to previous agreements with Niger and Togo, and three new agreements with Benin, the Central African Republic and Mali are being negotiated. Services rendered by OPS cover the full range of procurement activities, including preparation of specifications, identification of potential suppliers, international competitive bidding and purchasing. Procurement is open to suppliers from members of the Organization for Economic Co-operation and Development (OECD) and from developing countries on the list of the OECD Development Assistance Committee. The only restriction on items procured is that they are to be utilized in support of the development process.

27. Another significant development in the provision of management services is that recipient countries also request such services in support of activities funded from the national budget. In the case of Bolivia, for example, OPS has helped to conclude procurement contracts corresponding to a total value in goods and services of over $500 million. While many of these activities relate to procurement against funds provided by external donors, OPS has also obtained, on behalf of government entities, about $3 million worth of goods paid for by the Governments.

28. The OPS has become increasingly involved in the international effort to resettle refugees and displaced persons. In Afghanistan, for instance, OPS has been working mainly with non-governmental organizations (NGOs) to facilitate trans-border resettlement and rehabilitation operations under funding from the Office of the Co-ordinator for United Nations Humanitarian and Economic Assistance Programmes relating to Afghanistan. For Central America, UNDP/OPS is negotiating a $115 million cost-sharing, multidisciplinary programme with the Government of Italy to reintegrate refugees and displaced persons into the economies of the six participating countries.

29. In implementing projects, OPS is drawing increasingly on technical resources, as well as services, from the developing countries. Of nearly 3,800 project personnel employed in 1989, more than half were national professionals, in proportional terms an increase of 6 per cent over 1988. In money value, 30 per cent of new sub-contracts signed in 1989 with commercial firms were awarded to organizations based in developing countries, a 12 per cent increase over 1988. Likewise, $18 million worth of goods were purchased from suppliers in developing countries, a 16 per cent increase over the previous year. In addition, OPS continues to act as co-operating agency in 65 government-executed projects, with 18 new agreements entered into during 1989.

III. REGIONAL BUREAUX: MANAGEMENT ACTIONS AND TRENDS

30. For Governments, UNDP, and other organizations and bodies of the United Nations system, 1989 marked the third year of the fifth programming cycle. Except for the Asia region, which remained buoyant, economic growth in the developing world was slow. Average gross domestic product (GDP) among developing countries grew by 3.3 per cent, compared with 4.4 per cent in 1988. At the same time, per capita income fell in many countries. Foreign indebtedness remained a serious problem. Against this background, UNDP has continued to emphasize the need for more efficient economic management and more co-ordinated planning in the context of technical co-operation.

A. Africa

31. Economic performance in some African countries improved in 1989 but was not sufficiently even and widespread to reverse the persistent decline in living standards on the continent. The region's overall GDP grew by 2.9 per cent, but with population growth rising faster, average incomes still fell by 0.3 per cent. The present per capita GDP in sub-Saharan Africa is estimated at $565, compared

with $854 10 years ago. Much of the improved output in 1989 was attributable to good weather conditions and improved agricultural productivity. Reduced investment expenditures and structural weaknesses prevented many countries from taking full advantage of generally buoyant market conditions. Net resource flows from Africa were again negative, estimated at $5.5 billion, and the debt service burden for the region is at present over $30 billion a year.

32. The Regional Bureau for Africa (RBA) organized an historic first meeting in April 1989 at Addis Ababa between the African Ministers for Planning and UNDP resident representatives in Africa. The ministers affirmed the need for UNDP support in a number of areas, including the management of structural adjustment, the improvement of aid co-ordination and the exchange of dialogue on planning and development. The ongoing UNDP project, Social Dimensions of Adjustments, and its two other new initiatives, the Structural Adjustment Advisory Teams for Africa (SAATA) and the project, Planning Approaches, all received the ministers' strong endorsement.

33. A number of private-sector workshops were held in the region during the year, bringing Governments and entrepreneurs together to discuss needs and appropriate policy frameworks. The response has been very positive. More than a dozen environmental workshops were also held. Under the Management Development Programme (MDP), 14 identification missions were carried out in the region, and two large-scale projects were approved. In addition, the region made good use of the Special Action Programme for Public Administration and Management (SAPAM), which assists countries in improving management in the public sector.

34. The programme of support for the national liberation movements continued, and UNDP took a number of preparatory actions, including creation of a trust fund, for the emergence of Namibia as the forty-third independent self-governing country in the sub-Saharan region. The UNDP continued its support to refugees and displaced persons in 14 countries, and is reporting to the thirty-seventh session of the Council on its future role in such matters (DP/1990/66). It also assisted in a number of emergency situations, including those in Angola, Chad, the Comoros, Ethiopia, Gabon, Gambia, Guinea-Bissau, Malawi, Mauritius, Mozambique, Sao Tome and Principe and Zambia. Emergencies addressed included cholera, famine, locusts, flood damage and cyclone damage.

35. In the field of programming, 22 mid-term reviews were completed. There has been a move towards analysing development problems in a broader context. For example, the number of ongoing National Technical Co-operation Assessment and Programmes (NaTCAPs) exercises in the region grew from 10 to 20 during 1989. There was also a trend towards fewer but larger projects and a focus on a smaller number of sectors. Other programming trends included: increased policy support and economic management activities, now representing nearly $100 million a year; closer association between technical and capital assistance; greater use of national execution and expertise; more inter-country workshops; and increased staffing in many of the field offices.

36. As far as resources are concerned, the main development was an increase in the overall IPF and the global supplementary allocations, approved by the Governing Council in its decision 88/33 of 1 July 1988. The result for the Africa region was to increase the total IPF for the region from $1.2 to $1.4 billion.

37. The sub-Saharan Africa region also receives major funding from the following (figures represent the sums made available for the fourth programming cycle as at the end of 1989): Special Measures Fund for the Least Developed Countries (SMF/LDC), $23 million; Special Programme Resources (SPR), $13 million; MDP, $22 million; government counterpart cash contribution, $2 million; governing and third-party cost-sharing, $79 million; and a variety of trust funds, $57 million.

38. For 1988 and 1989 alone, an estimated total of $209 million was provided from associated UNDP funds, including UNCDF, UNIFEM, UNFNRE and UNSO. Under management services agreements (MSA) and special programmes for Africa, a further $265 million has so far been made available in the fifth programming cycle. For the same period, the current grand total of programme resources accordingly amounts to $2.1 billion. The Africa region is now allocated the largest share (38.6 per cent) of global UNDP resources, both IPF and non-IPF.

B. Asia and the Pacific

39. Economic growth in the developing countries of the Asia and Pacific region remained at the relatively high level of 6 per cent in 1989. This compared favorably with the growth rate of 3.7 per cent recorded by all developing countries and the 3.2 per cent rate for the industrialized countries. As a subregional group, the Association of South-East Asian Nations (ASEAN) had an average GDP growth rate of 7.3 per cent, largely owing to strong programmes in Thailand and Malaysia, with growth rates of 10.0 per cent and 8 per cent respectively, and Singapore, which registered a 9.4 per cent growth rate. The newly industrialized economies averaged a growth rate of 7.1 per cent. The majority of the remaining countries registered growth of between 5 and 6 per cent, with the exception of the South Asian countries of Sri Lanka (3.2 per cent); Bangladesh (2.1 per cent); and Nepal (1.5 per cent).

40. The country programme for the Islamic Republic of Iran was approved by the Governing Council in its decision 89/41 of 30 June 1989. Preparatory work was undertaken for three country programmes - Fiji, India and Tonga - for submission to the current session of the Council. Mid-term reviews of 13 country programmes and the inter-country programme for Asia and the Pacific were undertaken during 1989. In addition, nearly every country programme was subject to annual review, involving a reappraisal of programme objectives and the contribution of projects to these goals.

41. Total IPF resources available to countries in the Asia and Pacific region for the fourth programming cycle amounts to $1.5 billion. This amount includes the carry-over from the previous programming cycle, as well as the increased level of IPF resources approved by the Governing Council in its decision 88/31 of 1 July 1988. These resources are further complemented by resources secured from

cost-sharing arrangements, SMF/LDC and SPR funding. For 1989, cost-sharing contributions by the recipient countries and third parties amounted to almost 6 per cent of the total funds disbursed in the region.

42. At mid-1989 approximately 2,200 country and regional projects were under way in the region; expenditure on these projects during 1989 has been estimated at $260 million, representing an 8.1 per cent increase over 1988 when $239 million were delivered in the region. There was a significant shift in resources during 1989 towards the development of industry, services and technology. Agriculture, forestry and fisheries, remained the largest sector, however, with 20 per cent of the total estimated expenditure. This was followed by industry with 19 per cent; natural resources with 13 per cent; development planning with 13 per cent and 10 per cent accounted for by transport and communications.

43. While the provision of expertise was the largest component of UNDP assistance in 1989, training assumed growing significance in relation to the declining share for equipment. Within the personnel component, greater use was made of national experts compared with foreign experts or consultants. This trend, which is expected to continue through the fourth IPF cycle, renders UNDP assistance more cost effective.

44. The national execution of projects also assumed greater significance and reached 13 per cent in 1989, compared with 11 per cent in 1988. This figure is expected to rise further as projects are increasingly chosen for execution and management by Governments. Within the United Nations system, FAO continues to be the principal executing agency, with 18 per cent of the total, followed by UNIDO (14 per cent), the United Nations Department of Technical Co-operation for Development (DTCD) of the United Nations Secretariat (10 per cent) and the World Bank (9 per cent).

45. Several special themes were featured in the development of projects. Women's role in development is being actively promoted and funds were earmarked in 1989 to support the strengthening of this role. Another area of emphasis is the promotion of public-private sector partnership for national development. In 1989, UNDP conducted more than 40 workshops in the region which brought together government officials and the private sector to discuss issues relating to private sector development. The management of the environment has also emerged as a special theme; five environmental workshops sponsored by UNDP were held in 1989. A further 20 are planned for 1990 at both the national and regional levels. The improvement of the management of development has been highlighted as an area to be strengthened and during 1989 major efforts were under way to identify and formulate management development programmes in a number of countries in the region.

46. The programme to foster and promote regional co-operation was also expanded. There were 381 regional projects, with 29 projects in the pipeline, at the end of 1989. During the same year, regional project approvals reached $62.2 million, resulting in project commitments totalling $195 million. Funds disbursed for regional projects also rose to an estimated $46.6 million from a level of $38.8 million in 1988. The implementation rate is expected to continue to accelerate during the remaining portion of the fourth cycle. The inter-country

programme benefited from a mid-term review at the fourth meeting of aid co-ordinators (MAC IV), held at Jakarta on 13-14 March 1989. The review reiterated the twin objectives of human resource development and the transfer of technology. It also underlined the need for linkages between national and regional projects to facilitate better co-ordination and maximize benefits. Efforts are under way to reinforce such linkages.

47. Recognizing their pivotal role in the co-ordination of aid, several Governments have asked UNDP to assist them in their own efforts to manage and effectively utilize aid flows. UNDP aid co-ordination activities take place at several levels. One is through "round table" meetings which bring together donors with the concerned Governments. In 1989, meetings were held for the Lao People's Democratic Republic and Maldives. The UNDP also plays a substantive role in the consultative group meetings of the World Bank. In several countries, local co-ordination groups have been formed under the auspices of UNDP to enable donors to discuss aid implementation and management issues with Governments. In addition, the country programming process and country programmes themselves act as catalysts to promote linkages among donor activities at both the programme and project levels. Finally, UNDP field offices promote aid co-ordination through the issuing of annual development co-operation reports, the activities of the resident co-ordinators to facilitate increased co-operation among United Nations agencies, and assistance, as requested, to other multilateral and bilateral agencies in the formulation and execution of their assistance programmes.

C. Latin America and the Caribbean

48. In 1989 the Latin American and Caribbean region continued to bear the impact of the economic crisis which has persisted unabated since the early 1980s. For the second consecutive year, the region's average per capita income declined, this time by 1 per cent, and the average rate of inflation reached an unprecedented 1,000 per cent. The most serious problem continues to be that of the region's external debt, which in 1989 increased slightly to $416 billion. Although the region as a whole achieved a trade surplus owing to improved export performance, the interest on foreign debt amounted to 30 per cent of export earnings.

49. Consequently, the majority of Latin American and Caribbean countries have remained in a state of continuous crisis management, to the detriment of medium-term and long-term development planning. In addition, many Governments are pursuing structural adjustment programmes (SAP), creating further budgetary restraints.

50. At the same time, there were positive developments in the region. In Central America, the Special Plan for Economic Co-operation (PEC) laid the foundation for renewed development. There has also been increased inter-country co-operation within the region, exemplified by the reciprocal cancellation of the debt between the Governments of Argentina and Bolivia and the decision by the Andean countries to strengthen their integration efforts and to revitalize the Cartagena Agreement, also known as the Andean Pact, signed at Bogotá on 7 February 1968. Organizations such as the Caribbean Group for Co-operation in Economic Development (CGCED) continue to play an important role in the development effort.

51. Against this background, UNDP continued to provide technical co-operation in the priority areas identified by Governments. Important efforts were made relating to the alleviation of critical poverty; agricultural diversification; investment promotion; development planning; and environmental issues. The UNDP also supported the formulation of structural adjustment programmes and encouraged technical co-operation among developing countries of the region.

52. Most of the country programmes were subjected to mid-term reviews during 1989. Twenty-six reviews were completed, and the remainder are to be undertaken during 1990. In most cases, the original objectives of the programmes have been validated, although in some countries changing economic and political circumstances have led to a change of emphasis for specific projects.

53. During 1989, 232 new projects were approved, bringing the total number of ongoing country and regional projects to 1,597. The overall value of projects approved in 1989 has been estimated at $66 million, of which $37 million is derived from IPF resources and $29 million from cost-sharing. In terms of estimated expenditures for 1989, it is noteworthy that cost-sharing resources, calculated at 57 per cent, surpassed IPF resources. The value of MSAs, executed by OPS was estimated at $29 million for 1989. The amount of SPR committed in 1989 for Latin America and the Caribbean has been estimated at $11 million, a 45 per cent increase over 1988, owing primarily to the approval of projects within PEC.

54. Some $283 million, or 88 per cent of resources from the current programming cycle, had been committed by the end of 1989, out of a total IPF of $323 million. The balance of $40 million will be programmed and spent by the end of the cycle.

55. The region is at the forefront in terms of national execution, which accounted for 42 per cent of estimated expenditures in 1989.

D. Arab States and Europe

56. The unprecedented social and political changes affecting most countries of Eastern Europe during 1989 led the Regional Bureau for Arab States and Europe (RBASE) to develop a new strategy for the area. This strategy is based on the mobilization of additional resources in Eastern Europe, without diversion of resources intended for use elsewhere. It involves technical co-operation and institution building designed to assist the new Governments in making the transition from planned to open market economies. In pursuing this strategy, UNDP will build on its long-standing partnership with the Eastern European countries.

57. In the spring of 1989, the Bureau held a meeting of all resident representatives from the region. The main event of this meeting was a UNDP Workshop on the Environment, the first of its kind, held in Malta, on 28-29 March 1989. The Workshop resulted in the Malta Declaration of the UNDP Regional Bureau for Arab States and Europe on the Environment and Sustainable Development, which set out guidelines for environmentally-sensitive development. Policy and operational matters were also discussed, and a management training workshop was conducted by the Division of Personnel of the UNDP secretariat, the

first such training exercise for resident representatives. The Malta discussions also reinforced the initiative, launched by RBASE in 1988, to encourage the formation of subregional groupings among its resident representatives. These groupings correspond to subregional ties among the countries themselves.

58. The Bureau achieved substantial improvement in delivery in 1989, with a rise in IPF expenditures estimated at 21 per cent over the previous year. Approval of RBASE projects by the Action Committee rose to a value of over $77 million in 1989, an increase of 27.5 per cent over 1988.

59. At the same time, there was a tendency for projects to increase in size. The average budget for projects submitted to the Action Committee by the Bureau rose from approximately $1.1 million in 1988 to $1.6 million in 1989.

60. The countries of the region benefited from the overall IPF increases in 1989, to the extent that the total resources available for programming in the fourth cycle in the Bureau rose from $337 to $349 million. The level of commitments against IPF at the end of 1989 stood at $328.5 million or 94 per cent of available resources for the cycle. Of this amount, $108.7 million represented actual expenditures for 1987 and 1988 ($44.2 million and $64.5 million respectively). The balance of $219.8 million represented commitments signed for the balance of the cycle.

61. A feature of RBASE operations in 1989 was the increased integration of regional institutions in UNDP activities. An example was the arrangement with the Arab Fund for Economic and Social Development (AFESD) for the joint financing of several regional and country projects. National execution of projects also increased in the region, notably in Egypt, Jordan, Morocco and Tunisia.

62. Concern throughout the developing world with issues related to structural adjustment and debt management was reflected in the Bureau by a rise in the percentage of resources allocated to policy, planning and general development issues. This figure rose from 14.2 per cent in 1988 to 18 per cent in 1989. Percentages allocated to the various sectors in 1989 were: agriculture, fisheries and forestry, 18.4 per cent; industry, 13.7 per cent; natural resources, including water, 11.7 per cent; transport and communication, 10.7 per cent; science and technology, 10.1 per cent.

63. A long-term downward trend in the allocations for project personnel in the region continued in 1989, with that component accounting for less than 45 per cent of project budgets, compared with over 55 per cent in 1987. This trend is consistent with the decline in the use of long-term experts in UNDP projects elsewhere, and reflects a growing need for shorter-term, higher level advisers in many of the countries of the region. The parallel rise in allocations for equipment, from 19.1 per cent in 1987 to 25 per cent in 1989, is similarly a reflection of the shift in the region away from the need for basic institution-building assistance and towards more sophisticated technical co-operation. The modest upturn in allocations for training, from 12.3 per cent in 1987 to 15.6 per cent in 1989, is a natural corollary to the downturn in long-term experts and is consistent with the broader trends for the organization as a whole.

IV. OTHER PROGRAMME DEVELOPMENTS

A. Improving programme and project quality

64. Measures taken since 1985 to improve programme and project quality fall into various categories. In one category are those measures designed to bring greater consistency and rigour to the process of identifying and approving UNDP projects and programmes. This has entailed changes in organizational structure, notably the creation in 1986 of the Action Committee, which reviews all major projects involving budgets over $700,000 or having policy implications. The Action Committee ensures cross-fertilization between regions and acts as a vehicle for orienting projects according to major policy issues, such as the environment and women in development.

65. Another important innovation was the Project Development Facility (PDF), created in 1985 and modified in 1988. The PDF was established as an alternative to the preparatory assistance mechanism for the identification and formulation of projects. The PDF has proved to be a highly flexible and useful vehicle. One of its merits is that it has been used to help Governments to assess risky, unconventional or highly innovative projects which might otherwise not be considered.

66. At the programme level, the Programme Review Committee now scrutinizes programmes and programme reviews and makes appropriate recommendations to management.

67. Another set of changes involves new guidelines for project formulation, appraisal and approval, and a revised system for monitoring and evaluating programmes and projects. For example, the new Programme and Projects Manual, issued in 1988, contains completely revised guidelines on the formulation of projects. Guidelines have also been issued on the mid-term review of country programmes.

68. As these measures are relatively recent, it is not possible to give more than a preliminary assessment of their impact. So far the indications are that the impact has been positive, although results are more discernible at the project than at the programme level.

69. An analysis of project evaluations carried out from 1986 onwards shows a steady increase in the proportion of successful projects. Associated with this increase is an improvement in the overall quality of design in the projects that have been evaluated.

70. While it is more difficult to make an assessment where programmes are concerned, there are indications of greater coherence in country programmes as a result of the mid-term review process.

71. A further set of changes has been directed towards improving the quality of the human resources of UNDP. These changes have included: making greater use of qualified nationals of the countries where UNDP has field offices; redressing the

balance between men and women in the staffing of the organization; and improving the process for selecting and training new staff.

72. In addition, UNDP has made efforts to improve training programmes for the present staff. For the past five years, for example, seminars have been organized in collaboration with the Economic Development Institute of the World Bank as well as with regional development banks, at which UNDP staff learn how to deal with pre-investment projects and to assist Governments in follow-up capital investment for technical co-operation projects. Over the same period, seminars have been held to sensitize UNDP staff to issues of special concern, such as the environment and the integration of women into the development process.

73. Although encouraged by the positive results of the above measures, UNDP is determined to maintain the momentum of improvement and to continue to seek ways in which programme and project quality can be further enhanced.

B. Technical Co-operation among Developing Countries

74. During the year, the Special Unit for Technical Co-operation among Developing Countries (TCDC) of UNDP continued to strengthen its support for such co-operation. Demand for its services increased among developing countries, and interaction with specialized agencies and other international organizations was intensified. The Special Unit continued to play a catalytic role for TCDC projects throughout the developing world, including several interregional ones. A programme for training personnel involved in TCDC activities has been initiated, and the Special Unit's evaluation function has been strengthened.

75. An important feature of TCDC programming during 1989 was the focus on sectoral exercises resulting in improved project design. For example, the Special Unit assisted countries of the Latin America and Caribbean region in TCDC programming in the field of aquaculture. This initiative culminated in the TCDC Programming Exercise in Aquaculture, held at Mexico City from 26 to 30 June 1989. Twenty countries of the region as well as seven specialized institutions and representatives of donor countries participated in the meeting. The effort resulted in the formulation of a regional aquaculture programme, with the support of the Inter-American Development Bank (IDB), which is to finance a number of the projects.

76. In the Arab States and Europe, the Special Unit continued to support and promote current TCDC projects in Egypt, Tunisia and Turkey. In addition, the Special Unit participated in the mid-term programme review for Iraq, where potential TCDC assistance in certain projects was indicated. It is expected that arrangements for such assistance will be formalized during 1990.

77. The Special Unit assisted the United Republic of Tanzania in a TCDC programming exercise, the first of its kind in sub-Saharan Africa, with the participation of 20 developing countries. Over 200 TCDC projects were initiated. Preparations are continuing for the Special Unit to assist other countries in similar programming in the Africa region. The Special Unit also helped to organize

an International Workshop on the Transfer of Technology for Small and Medium Industries held at Addis Ababa, from 11 to 15 December 1989. The Workshop was accompanied by a joint Ethiopian-Indian technological exhibition. Useful ideas have emerged from this exercise, and these will be further pursued at the request of the countries concerned.

78. Exercises in South-South co-operation assisted by the Special Unit included a meeting of the Action Committee Meeting on Raw Materials, held at Abuja, Nigeria from 3 to 7 April 1989, under the auspices of the Group of 77. With the support of the Special Unit, the Group of 77 convened the Third Meeting of the Chambers of Commerce and Industry of Developing Countries: Members of the Group of 77, held at Harare from 15 to 19 November 1989. The purpose of the meeting was to promote dialogue among developing countries aimed at establishing commercial links through trade information networks. With the same purpose in mind, the Special Unit also supported the convening of regional meetings in Africa, Asia and Latin America. This initiative is expected to be followed up in 1990.

79. INRES-South, the Information Referral System managed by the Special Unit, continues to respond to the needs of national institutions and United Nations staff at country level for efficient access to information about sources of development capacities in their own or other developing countries. In addition to data on over 50,000 training programmes, INRES-South provides information about more than 4,000 institutions in developing countries. It responds to over 100 requests for information each month. The system and data base have recently been transferred from mainframe to microcomputer and are now being placed at the disposal of the United Nations system, including UNDP field offices, and government departments in developing countries. The further expansion and maintenance of the data base will be crucial to the future development of the Special Unit itself, and continuing efforts should be made to publicize the benefits of the system among users and contributors.

C. Transfer of Knowledge through Expatriate Nationals (TOKTEN)

80. The Transfer of Knowledge through Expatriate Nationals (TOKTEN) is a facility for bringing skilled expatriates from the developing world back to their countries of origin on short-term assignments, thus helping to replace some of the skills and experience lost through the "brain drain". These consultants enjoy the advantages of knowing the language of the host country and being familiar with local customs, conditions and needs. The UNDP covers round-trip air fares and subsistence allowances. A TOKTEN consultancy costs between $3,000 and $4,000 per work-month.

81. In 1989, 400 consultancies funded by TOKTEN were completed. TOKTEN now operates in 28 countries: Argentina, Bangladesh, Belize, Benin, Cape Verde, China, Dominica, Egypt, Ethiopia, Fiji, Grenada, Guinea, Guyana, Haiti, India, Jordan, the Democratic People's Republic of Korea, Malta, Pakistan, the Philippines, Poland, Saint Lucia, Sri Lanka, the Syrian Arab Republic, Trinidad and Tobago, Turkey, Uganda and Viet Nam. As one example of TOKTEN activity, a Bangladeshi computer expert returned to his country from the United States to assist the Bangladesh National Board of Revenue in computerizing its customs system.

D. Short-term Advisory Services

82. The past year saw a continued increase in demand for short-term advisory services (STAS), which is now active in more than 50 developing countries. STAS advisers continued to assist private and parastatal firms in developing countries in solving their technical and managerial problems through diagnostic exercises and transfers of technical knowledge.

83. In 1989, STAS advisers helped set up a programme for the development of business incubators in Poland and assisted the Lao People's Democratic Republic in establishing a chamber of commerce. In the 1990s, STAS is expected to play an increasing role in helping countries striving to develop their private sectors.

84. The UNDP is recommending to the Governing Council that the STAS programme be made an operational part of UNDP and that its financial requirements be absorbed under programme support activities in the UNDP budget effective 1 July 1990.

E. Inter-Agency Procurement Services Office

85. In 1989, the Inter-Agency Procurement Services Office (IAPSO) was relocated from Geneva to Copenhagen. The Office also broadened its activities, expanding standardization of equipment and negotiating preferential prices for all United Nations organizations.

86. Strong efforts are being made to increase procurement for the United Nations system from developing countries. For this purpose, IAPSO conducted missions in 1989 to Morocco, Pakistan and Zimbabwe to identify potential suppliers and to compile catalogues of suppliers. In addition, a business seminar sponsored by IAPSO was held in India as a follow-up to the completion of the catalogue of potential suppliers in those countries. As part of the effort to increase procurement from developing countries, data bases are being set up in participating developing countries, and these are being linked with the central data base of IAPSO. The system will provide up-to-date information on potential suppliers and users. It will be accessible to all United Nations agencies when completed.

87. Special emphasis is being placed on improving IAPSO contacts with the business community in the underutilized major donor countries. IAPSO catalogues of potential suppliers in each of these countries were published during the course of 1989. In co-operation with major United Nations organizations, several business seminars were held in Denmark and Finland to brief local industries on United Nations business opportunities.

88. IAPSO has intensified its efforts to disseminate advance information on business opportunities. A monthly bulletin, Procurement Update, published at IAPSO headquarters in Copenhagen, contains information on recently approved UNDP projects. It is now being widely circulated among the business community. This publication will also include more information on contracts awarded.

89. Direct purchasing by IAPSO on behalf of agencies, Governments and organizations co-operating with the United Nations system increased significantly in 1989. Total volume rose from $9.3 million in 1988 to nearly $14 million in 1989. The steadily increasing volume of purchasing activity has opened up new supply sources and assisted greatly in the negotiation of favourable prices.

90. IAPSO is continuing to improve its annual statistical reporting on goods and services, based on data supplied by all United Nations organizations. As requested by the Governing Council, in its decision 89/29 of 30 June 1989, future reports will also include details of specialists, consultants, national experts, volunteers and fellowships. A major effort will also be made to include all procurement data provided by field offices.

F. Staff development and training

91. In 1989, the Staff Development and Placement Section of UNDP carried an increased volume of regular activities for international and national personnel, while at the same time introducing a number of innovations.

92. The regular work load included planning and carrying out the reassignment of over 200 international professional staff members; conducting career counselling sessions with over 1,000 staff members; servicing the annual promotion review machinery as well as ad hoc meetings of the Promotion Board; and administering performance evaluations and job classification services for all professional posts in UNDP.

93. The most important initiative by the Division of Personnel of UNDP in 1989 was the pilot testing of an entirely new performance appraisal system. The testing exercise involved 350 staff at UNDP headquarters and in the field. Under the new system, performance plans involving all staff members and their supervisors will be drawn up at the beginning of each year. All appraisals will be subjected to a comparative assessment through a management review process, which will also cover decisions on other human resource management issues such as reassignment, training, promotion and career development.

94. Another major initiative was a pilot workshop on career development for national officers, held in New York in the autumn of 1989. This exercise, which grew out of a task force created in 1988, will result in the formulation of a new career development policy for national professionals. This is expected to be implemented in 1991.

95. In addition, the Staff Development and Placement Section worked on improving the reassignment planning process and, in collaboration with the Training Section, organized more tailor-made training to facilitate individual career moves.

96. The Junior Professional Officers (JPO) programme continued to provide a valuable source of professional personnel. There were 191 JPOs working with UNDP in 1989. Sponsoring Governments are Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Ireland, Italy, Japan,

Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland. Australia joined the JPO programme in 1989. A group of these countries also sponsored 12 JPOs from developing countries. Twenty-five JPOs were assigned as junior economists in the co-ordination of assistance to least developed countries and in support of the round table process.

97. The UNDP provided 41 JPOs for the trust funds administered by UNDP, distributed as follows: UNCDF, 19; UNIFEM, 8; UNSO, 7; UNV, 6; and UNFSTD, 1. The Programme also continued to administer JPOs for other United Nations organizations, including UNIDO, 52; UNFPA, 14; United Nations Division of Narcotic Drugs, 4; UNFDAC, 4; United Nations Centre for Social Development and Humanitarian Affairs (CSDHA), 3; and the International Narcotics Control Board (INCB), 2.

G. Division for Non-Governmental Organizations

98. The UNDP mounted new efforts in 1989 to promote and support community-based participatory development and to further co-operation with Non-Governmental Organizations (NGOs), including co-operation between Governments and NGOs. The Division is playing a key role in this effort by working closely through the regional bureaux, the Action Committee and the project appraisal committees to ensure that a participatory approach is incorporated into projects proposed for UNDP support.

99. In 1989, the Division co-operated with ACCION International, an NGO, in funding a conference at Quito on relations with the informal sector. In Peru, UNDP is supporting a project by the Institute for the Development of the Informal Sector to provide credit and training for informal sector entrepreneurs.

100. The Partners in Development programme, which enables UNDP resident representatives to allocate up to $25,000 per country to community groups and indigenous NGOs for innovative development activities or capacity-building, was offered in 62 countries in 1989. Of the 170 new projects funded, approximately 80 per cent supported self-help initiatives, many involving women and other disadvantaged groups, often in acutely deprived areas. The Partners in Development programme was funded last year by allocations of $1 million from SPR and $500,000 from SMF/LDC.

101. The Africa 2000 Network, which supports community and NGO efforts to preserve the environment and promote ecologically sustainable development, began operations last year in seven countries: Benin, Burkina Faso, Cameroon, Ghana, Rwanda, Senegal and Zimbabwe. Newly established selection committees, supported by a network co-ordinator in each country, have approved almost 40 projects for network awards. Programme implementation has been supported by the Governments of Canada, Denmark, Japan and Norway; support has also been pledged by France.

102. Strengthening the capacities of indigenous NGOs has been an important goal of the Partners in Development programme and the Africa 2000 Network. It is also a major objective of the Regional Project to Strengthen Collaboration between NGOs,

Governments and UNDP in Africa (RAF/87/001), to promote UNDP/Government/NGO co-operation in Africa. This project, in addition to supporting consultations between Governments and NGOs, and strengthening some Government/NGO units, is helping two African regional NGO associations and six national NGO bodies to improve their services to members and to provide effective focal points for Government/NGO relations.

103. The UNDP also continued to support Research and Applications for Alternative Financing for Development (RAFAD) as well as grass-roots initiative support funds in eight African countries as a means of providing credit or loans to support small, community-based enterprises.

104. Numerous other activities were carried out by UNDP in 1989 to further co-operation with NGOs at the field level. The Division for NGOs assisted many UNDP field offices in setting up national NGO data bases. A national workshop on partnerships between the Government, NGOs and donors in the Philippines was organized by UNDP, FAO and the Asian NGO Coalition for Agrarian Reform and Development (ANGOC). A Government/NGO seminar on grass-roots approaches to development was held in Mauritania with UNDP support. The UNDP was also one of the sponsors of a series of meetings in Tunisia between NGOs and provincial governments. In addition, UNDP supported the first pan-Arab conference of NGOs, held at Cairo in October 1989.

105. UNDP resident representatives co-operated closely with international and other NGOs during 1989 in disaster relief and assistance to refugees, returnees and displaced persons, in Afghanistan, Central America, the Sudan and other areas where emergency aid was required.

H. Division for Women in Development

106. In 1989, the Division for Women in Development of UNDP initiated a review of the extent to which Governing Council decisions on women in development were being implemented throughout UNDP. The review was based on a questionnaire sent to all field offices, as well as to the regional bureaux and other relevant units at UNDP headquarters. Responses have been used to create a data base against which future UNDP progress in implementing its policy on women in development can be measured. Findings will be presented to the Governing Council in 1990.

107. The Division co-operated closely in 1989 with organizations such as the United Nations International Research and Training Institute for the Advancement of Women, UNIFEM and the Sub-group on Women in Development of the Joint Consultative Group on Policy (JCGP), as well as bilateral bodies. In collaboration with other United Nations bodies, the Division prepared sectoral guidelines for the integration of women in development. These guidelines were circulated to all field offices and agencies represented at the field level.

108. The Division continued to contribute to project design and formulation through field advisory missions, consultations on specific projects and participation in the Action Committee and the headquarters Project Appraisal Committee.

109. During 1989, national and subregional training workshops on women in development were conducted in the areas covered by the regional bureaux. Participants included government counterparts, executing agency staff and UNDP field staff.

V. FUNDS ADMINISTERED BY UNDP

110. The following status reports on the funds administered by UNDP may be read in conjunction with two addenda to the present report: document DP/1990/17/Add.2 (Part II), which describes results of projects supported by the funds, and document DP/1990/17/Add.5, which tabulates their resources from donor countries and their expenditures in recipient countries.

A. United Nations Capital Development Fund

111. Contributions to the general resources of the United Nations Capital Development Fund (UNCDF) for 1989, which were estimated at $38.1 million at the November 1988 pledging conference, are now estimated to total $36.5 million. The decrease was due to the appreciation in value of the United States dollar. New co-financing arrangements of $2.2 million were concluded during 1989, bringing the total value of such arrangements since 1981 to $38.7 million. Contributions for 1990 are estimated to be $39 million, an increase of 7 per cent over 1989. Project expenditures during 1989 reached an estimated $42.5 million. The UNCDF approved a total of $78.3 million in new commitments. Of the 250 UNCDF projects financed by UNCDF in progress at the end of 1989, 124 benefited from complimentary technical assistance financed by UNDP.

B. United Nations Sudano-Sahelian Office

112. In 1989, the total amount of resources made available to the United Nations Sudano-Sahelian Office (UNSO) was $37.5 million, an increase of over 37 per cent over the resources mobilized in 1988.

113. Of the total, $22.5 million was in the form of contributions earmarked for specific projects identified and formulated jointly by recipient Governments, UNSO and donor agencies, including projects carried out under trust fund arrangements. The 1989 figure represented an increase of almost 14 per cent over the earmarked project resources mobilized in 1988. Pledges for 1989 to UNSO general resources totalled $6.7 million. In 1989, funding amounting to $8.2 million has also been obtained for Management Service Agreements (MSA).

C. United Nations Revolving Fund for Natural Resources Exploration

114. During 1989, the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) had operational exploration projects in Bolivia, China, Ghana, Guatemala, Honduras, Peru and the Philippines. In addition, as at the end of 1989, the Fund had more than 30 projects in the pipeline, including six

geothermal projects. From its inception in 1973 up to the end of 1989, the Fund had completed a total of 22 projects, eight of which have resulted in the successful identification of mineral deposits with an estimated total value of $1.3 billion.

115. The Fund continues to emphasize fund-raising, for both core contributions and third-party co-financing. In 1989, the Fund received a special contribution from the Government of Norway for $150,000 to develop environmental guidelines for the Fund's mineral exploration projects.

D. United Nations Development Fund for Women

116. The annual income of the United Nations Development Fund for Women (UNIFEM) for 1989 reached a new level of approximately $11.5 million, including cost sharing, sub-trust funds, donations, interest and voluntary contributions to the general resources. The rise was largely attributable to substantial increases in sub-trust fund income from Denmark and Australia, of $2.4 million and $480,000 respectively. During the year, total expenditures were $7.9 million from all sources.

117. At the 1989 Joint Pledging Conference in October, 28 countries pledged a total of $3.9 million to UNIFEM general resources for 1990. Since then, a number of other donors have confirmed their 1990 contributions, and the Fund now expects voluntary contributions to its general resources to reach $7.5 million, an increase of 15 per cent over 1989.

E. United Nations Volunteers

118. The revised mandate for the Special Voluntary Fund (SVF) of the United Nations Volunteers (UNV) was established by the Governing Council in its decision 88/38 of 1 July 1988. According to this mandate, 85 per cent of the Fund's income from general contributions and interest should be used to meet the external costs of UNV specialists. The remaining 15 per cent is to be used to meet special expenditures relating to: (a) pilot and experimental projects of the UNV Participatory Development programme and youth activities; (b) Participatory Development programme field specialists; (c) orientation and briefing of volunteers, Participatory Development programme specialists and government officials; and (d) special recruitment campaigns.

119. During 1989, resources available to SVF amounted to $10.3 million. This amount consisted of funds carried forward to meet outstanding obligations from the previous year, $5.2 million; voluntary contributions received during 1989, $900,000; income from project budgets for the partial offset of external costs, $3.8 million; and income from interest, $300,000.

120. A total of $4 million was spent from SVF in 1989. Of this amount, $3.8 million was for meeting external costs of United Nations specialists, and $200,000 was spent to meet special expenditures.

121. It is estimated that the number of volunteers serving will increase from 1,801 as at 31 December 1989 to 2,080 by 31 December 1990.

F. United Nations Fund for Science and Technology for Development

122. The United Nations Fund for Science and Technology for Development (UNFSTD) was established on 1 January 1987, under the terms of General Assembly resolution 41/183 of 8 December 1986, as a successor to the Financing System for Science and Technology for Development. By Governing Council decision 88/39 of 1 July 1988, the Energy Office was closed, but the Energy Account remained as a sub-account of UNFSTD to receive contributions for energy sector activities. The activities of the merged UNFSTD and Energy Account are covered in document DP/1990/59.

123. The total income of UNFSTD in 1989 amounted to $3.9 million. Overall expenditures totalled $4.3 million under core and co-financing arrangements. Contributions of $1 million are anticipated for 1990, including $350,000 already firmly pledged.

VI. EMERGENCY ACTIVITIES IN 1989

124. During 1989, natural disasters continued to exact their toll in many of the countries served by UNDP country offices. In virtually every case, UNDP responded with grants from Special Project Resources (SPR) for emergency relief activities. In addition to its financial contribution, UNDP resident representatives, in their ex officio capacity as representatives of the Office of the United Nations Disaster Relief Co-ordinator (UNDRO), were responsible for providing UNDRO headquarters with information on the effects of the disaster and the response required from the international community. In approximately half of the cases where emergency assistance was provided by UNDP, subsequent larger allocations from SPR were made for reconstruction and rehabilitation activities.

125. For the second successive year, a highly destructive hurricane hit parts of the Caribbean region. Following hurricane Hugo, UNDP provided a total of $120,000 for emergency relief activities in Antigua and Barbuda, the British Virgin Islands, Montserrat and St. Kitts and Nevis. The allocation was used for the purchase of building materials and emergency foodstuffs. An additional allocation of $400,000 was made for reconstruction and rehabilitation activities in the same countries. This allocation was principally for housing rehabilitation and for the agricultural sector.

126. Following the extensive flood damage that occurred in Chad in September 1988, for which UNDP allocated $50,000 for emergency relief activities, UNDP approved $652,733 in 1989 from SPR as a contribution to the reconstruction and rehabilitation of the flood protection system in N'Djamena. This project is also intended to mitigate future disasters, as the work undertaken will drain certain low-lying areas and reduce their vulnerability to future flooding.

127. In November 1988, extensive flooding occurred in Thailand. The effects of the flooding were considerably worsened by unplanned tree felling in the region. UNDP responded with an immediate allocation of $50,000 for relief activities, which was used for the purchase and transportation of food. This allocation was followed by an approval of $900,000 from SPR for reconstruction and rehabilitation. A country IPF project for longer-term activities related to natural resources and environmental management is also being prepared.